

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6942

BILL NUMBER: SB 361

DATE PREPARED: Dec 22, 1998

BILL AMENDED:

SUBJECT: Hospice licensing.

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides for the licensing of hospices by the State Department of Health. (Current law provides for optional certification of a hospice by the State Department of Health.) This bill provides requirements that a person must follow to obtain a hospice license. It requires the State Department of Health to adopt rules for hospice licensing that are based on federal regulations.

This bill requires the State Department of Health to charge an annual hospice license fee of \$100 for each hospice owned or operated by a licensee. The bill provides that the State Department of Health may conduct a hearing to determine whether a hospice may receive a license. It allows the State Department of Health to conduct periodic inspections of a licensed hospice. It allows the State Department of Health to suspend or revoke the license of a hospice that: (1) violates a standard or rule; (2) commits a violation of law; or (3) conducts a practice detrimental to the hospice's patients.

This bill provides the procedure the State Department of Health must follow to suspend or revoke the license of a hospice. The bill repeals optional certification of hospice providers by the State Department of Health. It provides that a hospice that is certified under current state law or that has a certification under federal law is not required to apply for a license under state law until July 1, 2000. It makes conforming amendments.

Effective Date: January 1, 2000.

Explanation of State Expenditures: This bill will require the State Department of Health (SDOH) to hire a public nurse surveyor to conduct the licensing and inspection requirements of this bill. The salary, fringe benefits, and indirect costs for this position will cost \$37,206 in FY 2000 and \$36,881 in FY 2000. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The

November 30, 1998 manning table shows 94 vacant positions in the SDOH. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

There is also an estimated \$4,500 in travel costs and there will be some additional training costs. There could also be some costs for an administrative law judge in cases resulting from complaints that certain hospices fail to comply with the standards for licensing.

Explanation of State Revenues: This bill creates a licensing fee of \$100. The SDOH currently receives \$100 annually from 69 hospice facilities on a volunteer basis. It is estimated that 84 hospices will need to be licensed with the passage of this bill and the number of hospice facilities that will need to be licensed will increase by 10% per year. The estimated revenue that will be collected in the first year is \$8,400. This would be an increase of \$1,500 from what is currently received on a voluntary basis. It is assumed that these fees will be used to offset administrative costs of the program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Department of Health.

Local Agencies Affected:

Information Sources: State Department of Health.